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FOR IMMEDIATE RELEASE

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Oregon Military Department Employee Sentenced to Federal Prison for Role in Government Contracting Fraud

PORTLAND, Ore.— a former civilian program manager for the Oregon National Guard's Oregon Sustainment Maintenance Site (OSMS) was sentenced to federal prison today for making false statements in representing the operational status of military equipment used to maintain the U.S. Army's war-ready posture and billing for \$6 million in repairs that were never done, announced U.S. Attorney Billy J. Williams.

Dominic Caputo, 49, was sentenced to one year and a day in federal prison and three years' supervised release.

U.S. Attorney Billy J. Williams said "This criminal investigation and prosecution demonstrates why misrepresenting the availability of essential equipment to the Department of Defense is a serious offense and will be punished accordingly".

"Mr. Caputo's scheme to defraud the Department of Defense (DoD) violated the trust afforded to him by the Oregon National Guard, threatened the integrity of the DoD acquisition process, and wasted taxpayer money," said Bryan D. Denny, Special Agent in Charge of the Defense Criminal Investigative Service, Western Field Office. "This investigation is yet another example of our agents and law enforcement partners working together to uncover corruption and protect taxpayers' dollars entrusted to the DoD."

"Americans rightly expect that those supporting our armed forces do so with pride and integrity, not indifference and dishonesty," said Renn Cannon, Special Agent in Charge of the FBI in Oregon. "We thank all of our law enforcement and military partners for working together to bring a resolution in this case and ensure the future safety of our troops in the field,"

According to court documents, from approximately 2009 through 2014, Caputo served as the Program Manager of the Power Division of the Oregon National Guard's OSMS at Camp Withycombe, an Oregon Military Department installation in Clackamas County. OSMS supports readiness and training of the U.S. Military by refurbishing out-of-service electronic equipment owned by the U.S. Department of Defense. In the event of an emergency or declaration of war, OSMS deploys refurbished equipment to other military bases or installations. During the time alleged in the Indictment and until 2015, OSMS was the only maintenance site in the United States capable of repairing and rebuilding certain models of electric generators and other small engines and parts in support of the federal military supply system.

In Fiscal Year 2014, Caputo billed the U.S. Army's Communications-Electronics Command (CECOM) more than \$675,000 for the repair and rebuilding of John Deere Diesel Engines despite the work having not been performed. More than 60 of the engines had already been repaired and billed to CECOM in prior fiscal years. For those engines, Caputo directed Power Division employees to remove and replace original serial numbers and identifying engine plates from the engines to conceal the duplicate billing.

In June 2014, Caputo willingly and knowingly prepared a work order and run test data indicating that the falsified repair work on an engine had been performed. Caputo submitted this false information to CECOM. Caputo's employment with OSMS was terminated in November 2014 when his fraud was revealed. Despite the magnitude of the monetary losses, there was no evidence that Caputo engaged in the fraudulent conduct for his own financial enrichment. The fraud perpetuated an inefficient operation, and covered for defendant's own ineffective management.

In September 2018 a federal grand jury in Portland returned a 5-count indictment charging Caputo with multiple instances of making false statements in representing the operational status of military equipment used to maintain a war-ready posture. On January 9, 2020, pleaded guilty to one count of making a false and fraudulent writing.

During sentencing, U.S. District Court Judge Karin Immergut ordered Caputo to pay \$2.6 million in restitution, the amount of overbillings for labor that was never performed by the Oregon National Guard employees at OSMS.

This case was investigated by the FBI, the U.S. Department of Defense, Office of Inspector General's Defense Criminal Investigative Service, the U.S. Army Criminal Investigations Command, and the U.S. General Services Administration, Office of Inspector General. It was prosecuted by Ryan Bounds, Assistant U.S. Attorney for the District of Oregon.

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